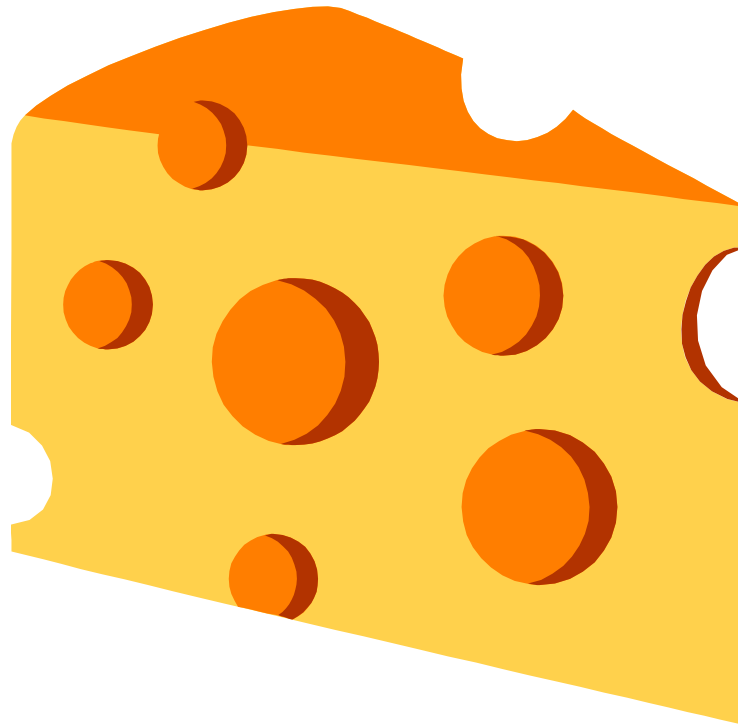


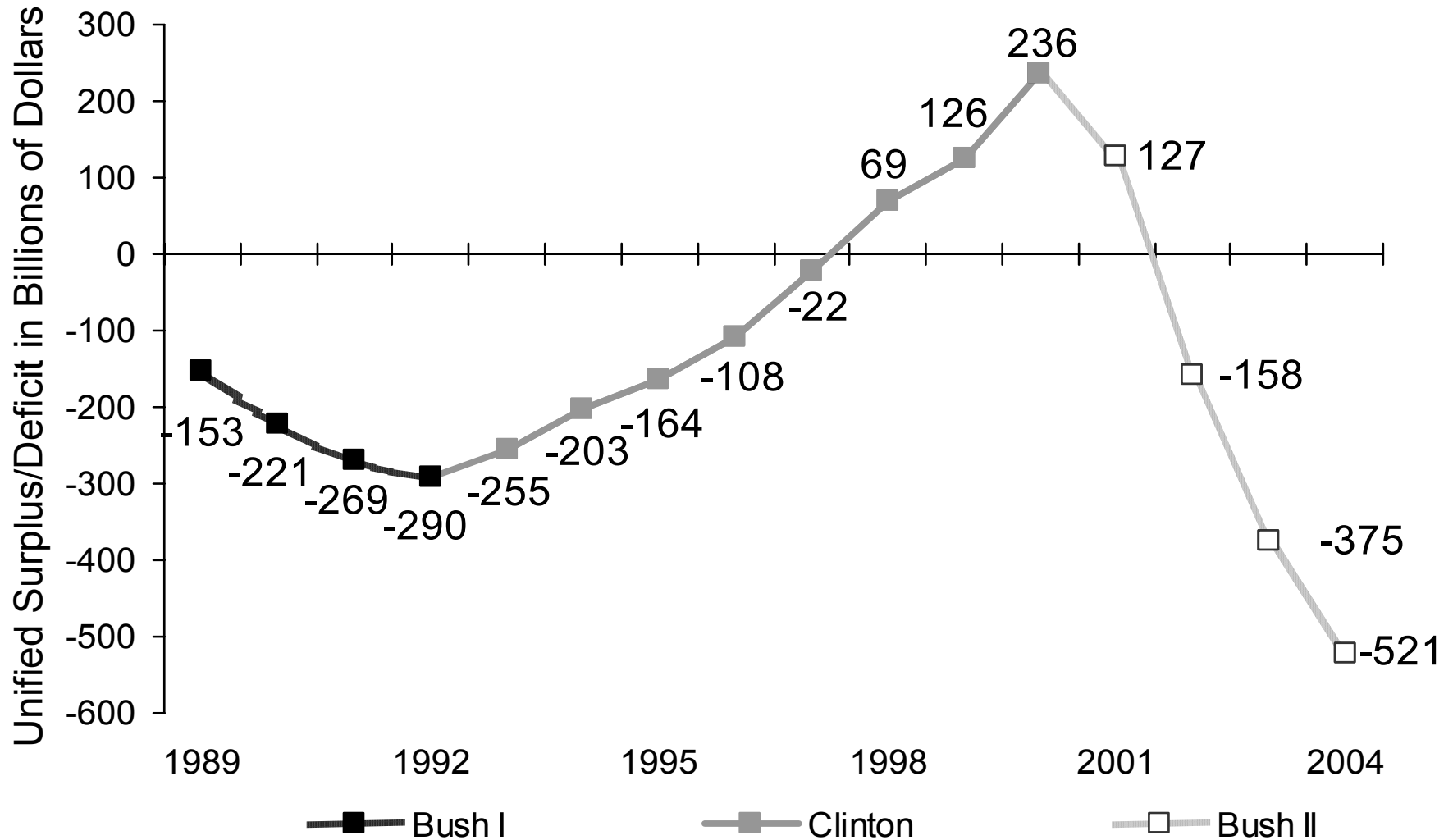
The President's Budget

High Deficits, Heavy Debt, and Holes



Backsliding Into the Deficit Ditch

From Deficit to Surplus to Deficit Again



Costs Omitted from Bush Budget



Numbers for the Second Five Years



Cost of Making Tax Cuts Permanent



Cost to Repair AMT

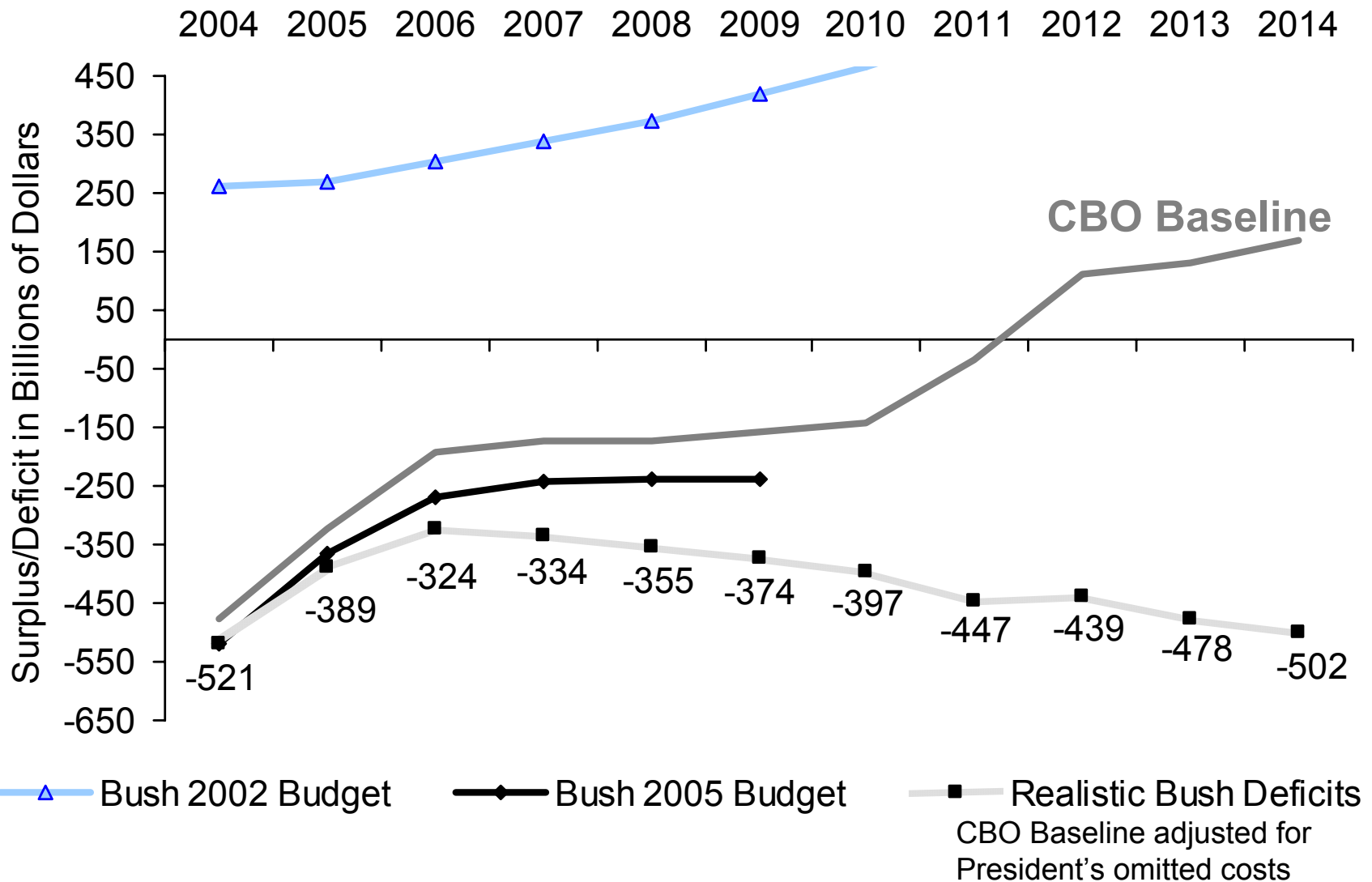


Additional Costs for Defense, Including
Iraq and Afghanistan Operations



Genuine Offsets – Budget Uses
Implausible Fees, Copays






More Accurate Estimate Shows Even Bleaker Budget Outlook





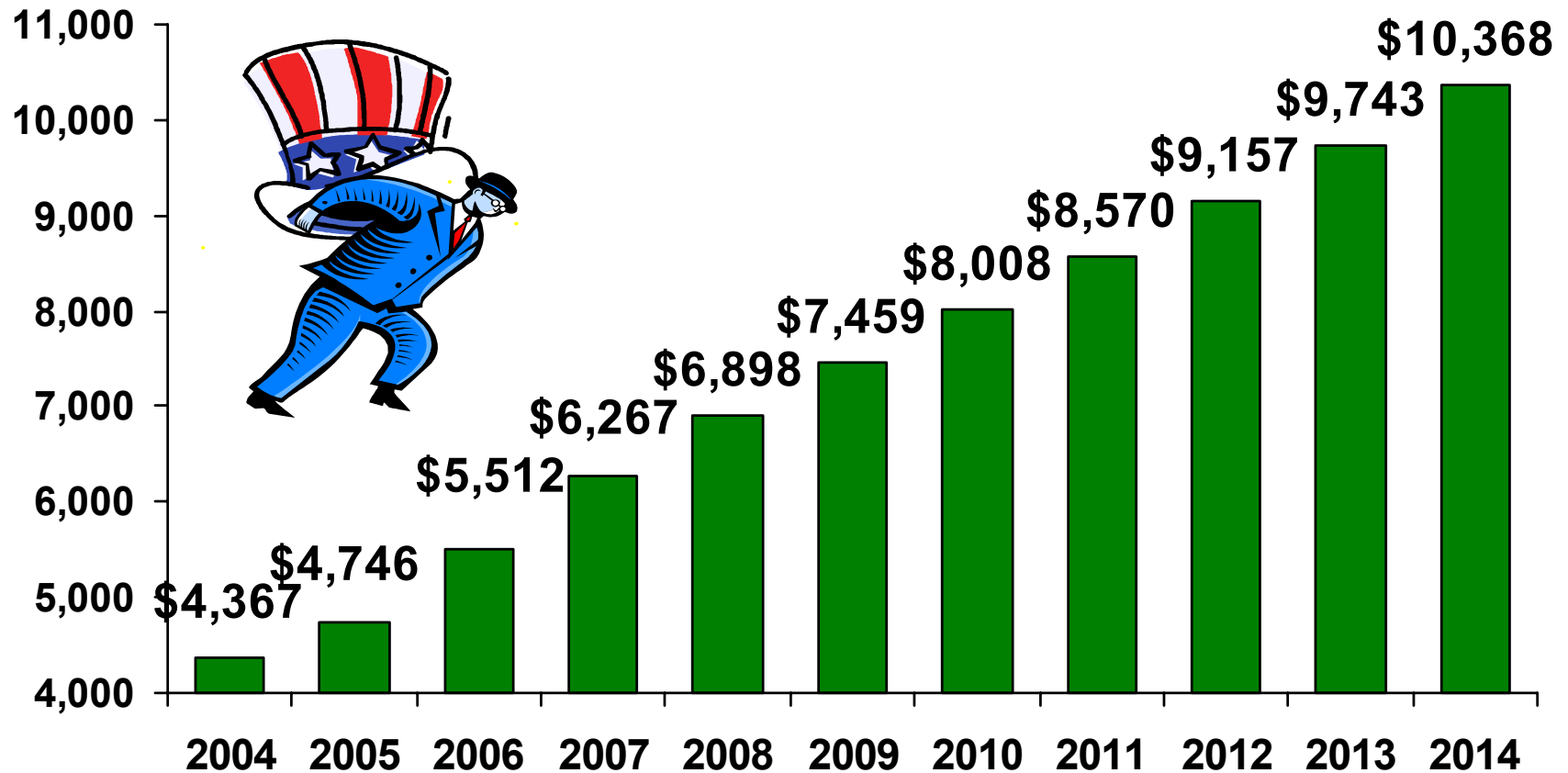
Still More Costs Omitted from Bush Budget



-  Social Security Privatization
-  Lunar-Based Mission to Mars
-  Realistic Funding for the Energy Bill
-  Realistic Highway Funding
-  Tax Extenders and Other Tax Cuts

Bush Budget Raises the Debt Tax

Federal Gross Interest per Family of Four



Winners and Losers in Bush Budget

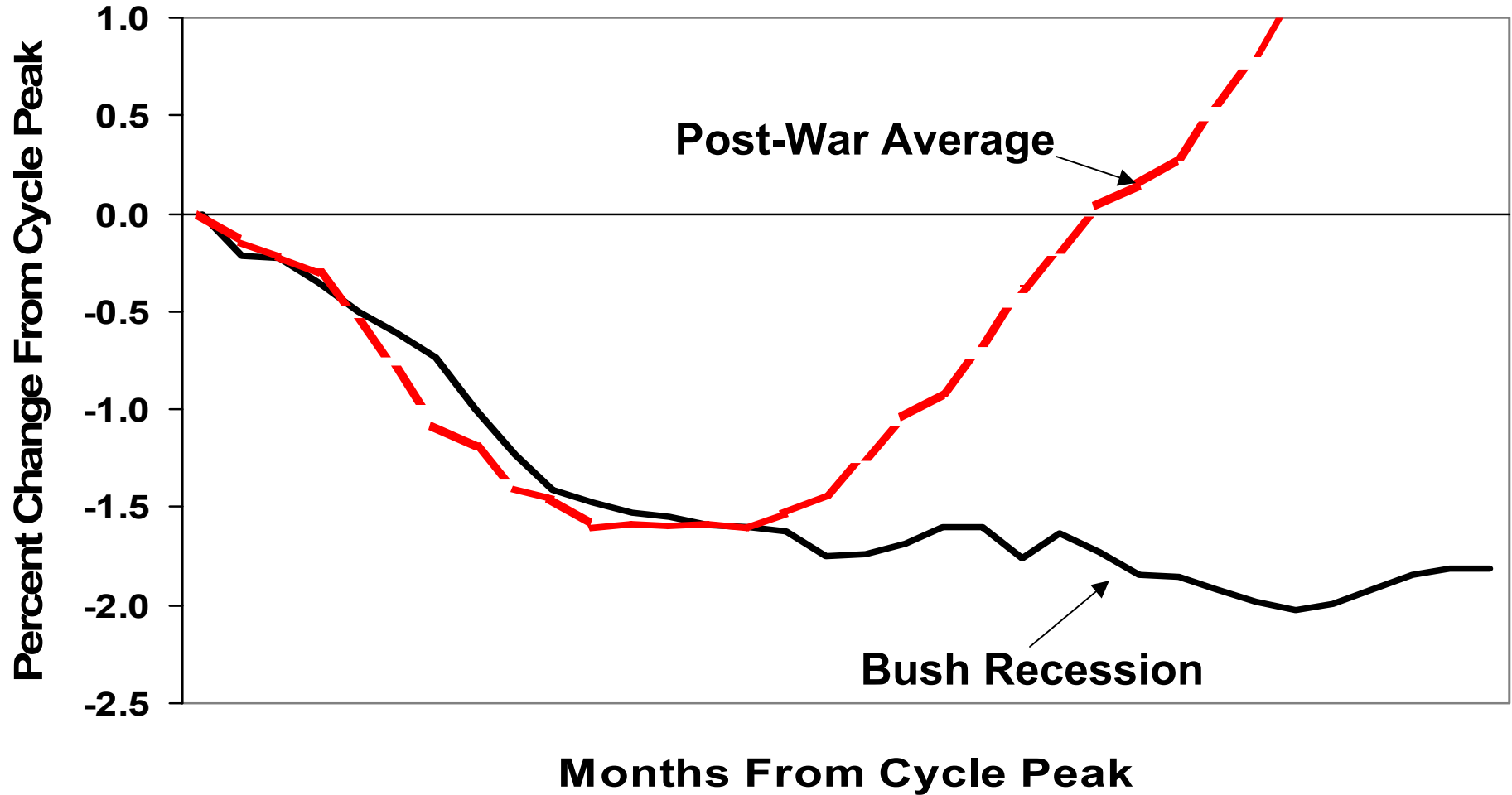
Winners

- Affluent Americans: Another \$1.1 Trillion in Tax Cuts
- Polluters: EPA Cut \$606 Million
- Big Oil: Drilling in ANWR

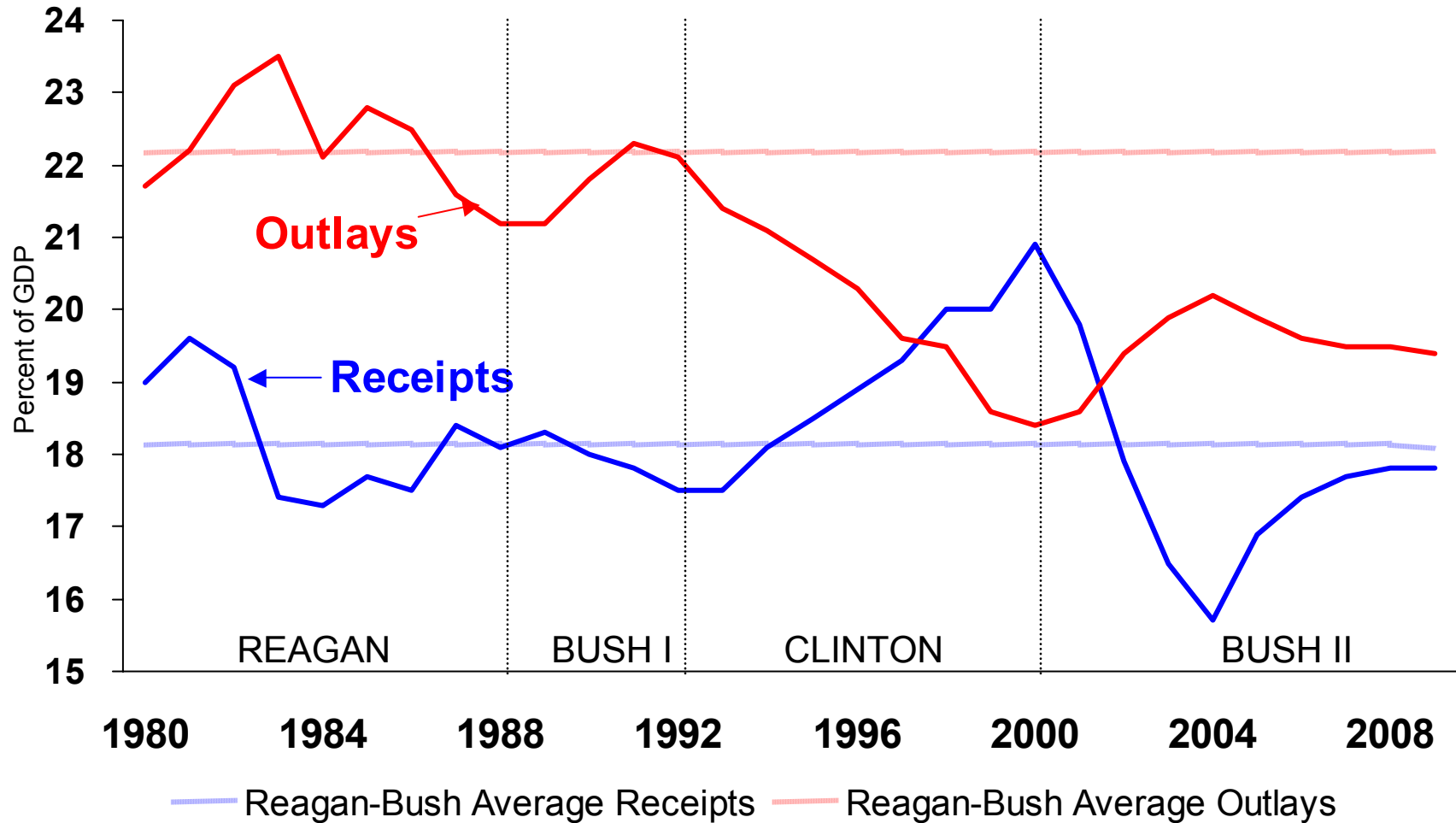
Losers

- Social Security & Medicare Solvency
- Middle-Class Families: No AMT Fix
- Environment
- Veterans: Health Care Cut \$257 Million, Fees & Copays Imposed
- Students: Pell Grant Frozen, NCLB Cut \$9.4 Billion Below Authorized Level
- Law Enforcement: \$1.0 Billion Cut

Jobs Lag Despite Big Tax Cuts



Receipts Are Way Down; Spending Remains Low

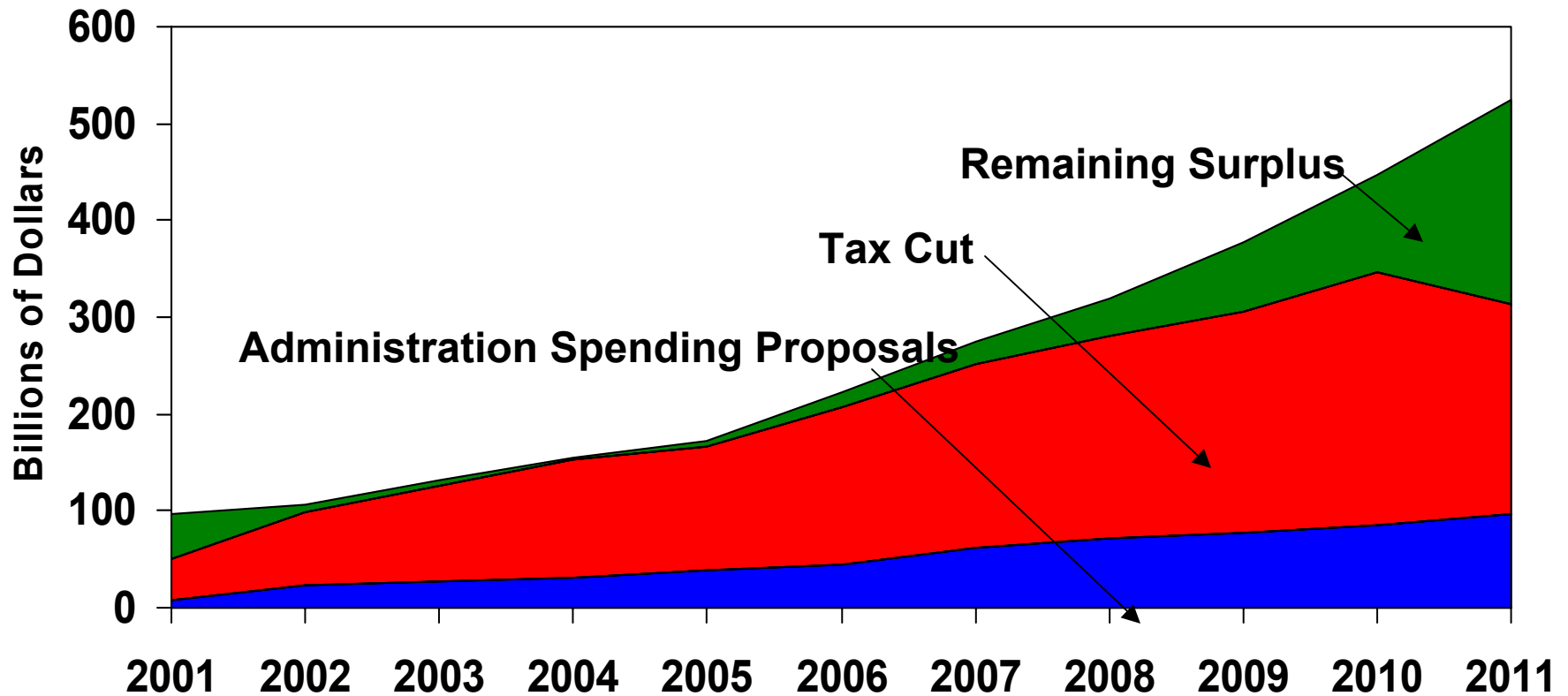


Projected 2004 Surplus Becomes Largest Deficit in History

Forecast of 2004 Surplus or Deficit, Billions of Dollars

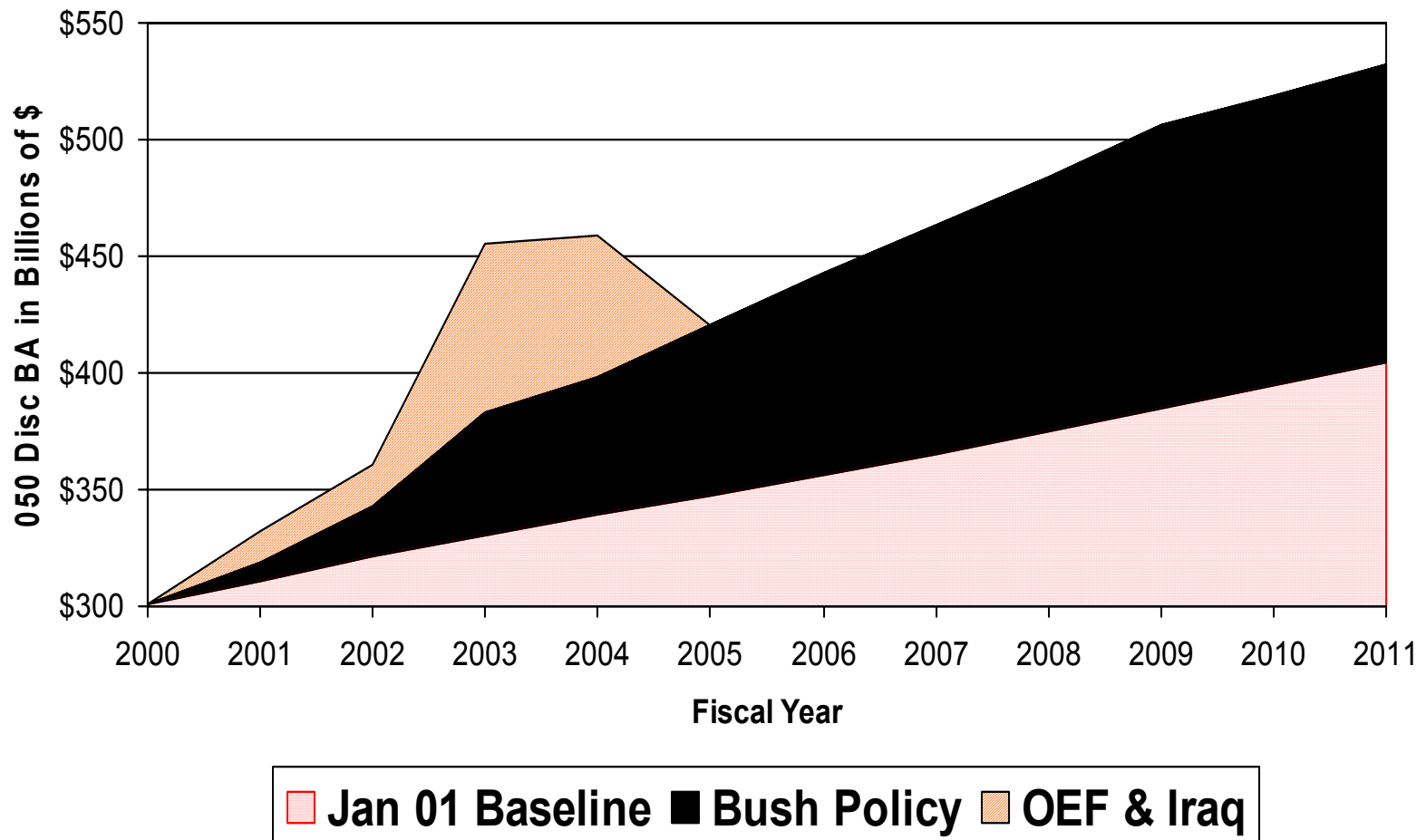
	Unified	On-Budget
February 2001	268	57
August 2001	217	6
February 2002	-14	-208
July 2002	-48	-236
February 2003	-307	-428
July 2003	-475	-639
February 2004	-521	-675

First Administration Budget Left No Margin for Error



**April 2001 Projection of Non-Medicare, Non-Social Security Surplus;
Tax and Spending Proposals in House-Passed Budget Resolution for FY2002**

Increased Cost of Defense Under Bush Administration: 2005 Budget vs. January 2001 Baseline



Jan 01 Baseline ■ Bush Policy ■ OEF & Iraq

User Fees in the President's Budget

The President's budget assumes \$19.5 billion in savings from a variety new user fees and offsets, many of which Congress has rejected in the past. These new fees include items such as requiring certain veterans to pay enrollment fees for medical care, charging fees for meat safety inspections, and increasing patent fees. The accompanying table lists the user fee proposals in the budget.

	2005	2006	2007	2008	2009	2005-2009
DISCRETIONARY						
<i>1. Offsetting collections</i>						
Department of Agriculture						
Food Safety Inspection user fees	124	121	121	122	122	610
Grain Inspection, Packers and Stockyards Administration	29	28	28	28	29	142
Animal and Plant Health Inspection Service	11	11	11	11	11	55
Department of Commerce						
Patent and Trademark Office	219	264	311	360	383	1,537
Department of Energy						
Office of Civilian Radioactive Waste Management: Reclassify fees	749	754	757	767	767	3,794
Department of Health and Human Services						
Medicare duplicate or unprocessable claims	195	195	195	195	195	975
Medicare appeals reform	10	32	33	34	35	144
Department of the Interior						
Fees transferred from the Power Marketing Administrations	30	29	29	29	29	146
Department of Justice						
FBI fees for forensic services	39	35	33	33	31	171
DEA fees for forensic services	3	3	3	3	3	15
Department of State						
Enhanced border security program user fees	100	105	111	116	122	554
Department of Transportation						
Motor carrier safety	13	13	13	13	13	65
Corps of Engineers—Civil Works						
Fees transferred from the Power Marketing Administrations	150	156	160	165	172	803
<i>2. Offsetting receipts</i>						
Department of Housing and Urban Development						
Office of Federal Housing Enterprise Oversight: GSE regulation	-44	-44	-45	-47	-47	-227
Department of Veterans Affairs						
Annual enrollment fee	268	281	295	310	326	1,480
Higher drug copayments	135	142	149	156	165	747
Environmental Protection Agency						
Abolish cap on pre-manufacturing notification fees	4	8	8	8	8	36
Remove prohibition on collection of registration fees	26	27	27	28	28	136
Nuclear Regulatory Commission						
Extend Nuclear Regulatory Commission fees	330	329	330	329	1,318
Subtotal, discretionary user charges proposals	2,061	2,490	2,568	2,661	2,721	12,501

(Continued)

(User Fees in the President's Budget, Continued)

	2005	2006	2007	2008	2009	2005-2009
MANDATORY						
<i>1. Offsetting collections</i>						
Department of Housing and Urban Development						
Government-sponsored enterprise regulation	6	6	6	6	6	30
Department of the Treasury						
Government-sponsored enterprise regulation	83	81	81	82	82	409
Federal Deposit Insurance Corporation						
Deposit insurance premiums		-570	-744	58	59	-1,197
Federal Housing Finance Board						
Government-sponsored enterprise regulation	-34	-32	-34	-35	-36	-171
<i>2. Offsetting receipts</i>						
Department of Agriculture						
Forest Service recreation fees		37	50	50	55	192
Department of Energy						
Office of Civilian Radioactive Waste Management: Reclassify fees	-749	-754	-757	-767	-767	-3,794
Fees transferred from the Power Marketing Administrations	-180	-186	-191	-197	-204	-958
Arctic National Wildlife Refuge, collections for research and development		1,200				1,200
Department of Homeland Security						
Conveyance and passenger fees and merchandise processing fees	820	1,391	1,448	1,507	1,570	6,736
Department of the Interior						
Recreation fees		38	48	47	47	180
Hatch Hetchy rental payments	8	8	8	8	8	40
Bureau of Land Management land sale authority	24	33	38	48	48	191
Arctic National Wildlife Refuge, collection for payments to Alaska		1,201	1	101	1	1,304
Arctic National Wildlife Refuge, rents and bonuses		1	1	101	1	104
Department of Labor						
Application fee for the permanent foreign labor certification program	23	23	23	23	23	115
Corps of Engineers—Civil Works						
Special recreation user fees	7	7	7	7	7	35
Federal Communications Commission						
Analog spectrum fee			500	500	480	1,480
Extend auction authority			-2,000	-2,000	2,800	-1,200
Spectrum license user fees		50	150	300	300	800
Subtotal, mandatory user charges proposals	8	2,534	-1,365	-161	4,480	5,496
<i>3. Governmental receipts</i>						
Department of the Interior						
Extend abandoned mine reclamation fees	239	245	252	256	262	1,254
National Indian Gaming Commission, activity fees		4	4	5	5	18
Department of the Treasury						
Internal Revenue Service fees	32	44	45	46	47	214
Subtotal, governmental receipts user charges proposals	271	293	301	307	314	1,486
Total, User charges proposals	2,340	5,317	1,504	2,807	7,515	19,483